

MINUTES
GREEN BAY HOUSING AUTHORITY
Thursday, February 21, 2013, 10:30 a.m.
1424 Admiral Court, Second Floor Reading Room
Green Bay, WI 54303

MEMBERS PRESENT: D. Dolan-Wallace-Chair, W. VandeCastle (arrived at 10:50 a.m.), H. Genunzio, B. Goodlet

MEMBERS EXCUSED: S. Popp

OTHERS PRESENT: R. Strong, R. Hallet, N. Aderholdt, G. Condon, K. Pamperin, K. Franz, N. Halvorsen, S. Schoeneman

APPROVAL OF MINUTES:

1. Approval of the January 17, 2013, minutes of the Green Bay Housing Authority

A motion was made by H. Genunzio and seconded by B. Goodlet to approve the minutes of the January 17, 2013, meeting of the Green Bay Housing Authority. Motion carried.

R. Hallet suggested rearranging some agenda items to accommodate some of the guests, starting with Item #5 and then Item #3.

A motion was made by B. Goodlet and seconded by H. Genunzio to take Items #5 and #3 out of order. Motion carried.

NEW BUSINESS:

5. Adoption of Resolution 13-01 Authorizing and Providing for the Sale and Issuance of Revenue Refunding Bonds for the Refinancing of a Student Housing Facility on the University of Wisconsin-Green Bay Campus, and Providing for Various Further Proceedings in Connection Therewith

R. Hallet provided background information regarding this item. Both the Brown County Housing Authority and the Green Bay Housing Authority had provided revenue bonds for the University Village Housing, Incorporated (UVHI) which provides onsite housing for students at the University of Wisconsin – Green Bay campus. One of the bonds was originally issued in 2001 and was refinanced in 2009, and they are looking at refinancing again by consolidating the bond to be all under the GBHA and eliminating the BCHA from the situation. Ultimately, it will result in a little more revenue for the GBHA because the GBHA receives annual bonds.

K. Pamperin, attending as a representative of the UVHI Board, stated that the GBHA and UVHI have had a long and successful partnership with financing student housing on campus. He added that there were a number of issues that arose when a new residence hall was built. What they are trying to do now is to take advantage of the market by refunding previously issued bonds and consolidating some of the bonds to take advantage of the lower interest rate that is available now. He then introduced Kelly Franz, the Assistant Chancellor for Finance at UWGB, and G. Condon, the president of University Village Housing Inc. Board.

K. Franz gave a brief historical overview as to how UVHI came to be and how the non-profit started a relationship with UWGB. Back in the 1960s, the State of Wisconsin put a moratorium on building residence halls on University of Wisconsin campuses. As a result,

in 1984 a group of businessmen created a 501(c)(3) corporation to build residence halls on UWGB's campus because it did not have any. That partnership has continued, so whenever new residence halls are built, UVHI goes through the GBHA and BCHA so the bonds are double tax exempt. In 2001, UVHI built three residence halls, and those are the bonds that are being discussed here to potentially refinance in an effort to take advantage of the current low interest rates. What they are proposing is to consolidate the \$6.675 million from the BCHA and the \$7 million from the GBHA, leaving \$5.135 million bonds left that will go through the GBHA. They are here for final approval on the consolidation.

R. Strong clarified that there would be no new money going out, just refinancing. K. Franz noted that there would be no new cost to the GBHA as UVHI is paying attorney fees for bond refinancing and the application and annual fees. R. Strong stated that because there were originally two bonds with the fees split between the GBHA and BCHA, under the consolidation all fees would be paid to the GBHA. The rate of the fee is 0.1% annually of the amount of the bond. K. Franz confirmed this rate and added that taking advantage of the low interest rates will help keep housing costs down for students at UWGB.

D. Dolan-Wallace asked when the maturity date will be. K. Franz responded that will be April 1, 2021, which was the original maturity date, so the bonds are not being extended at all.

R. Strong added that the GBHA is not responsible for the repayment of the bonds in any way, but the GBHA does have to approve any changes to the structure of the agreement. He then recommended going through with the consolidation. H. Genunzio stated that it seemed like a reasonable thing to do. R. Strong added that there are only certain points in time where refinancing is an option, and since rates are good right now, it is an appropriate time to do so.

K. Pamperin added that both the GBHA and BCHA have been involved with a number of bond issues for both for-profit and non-profit organizations over the years. The value of this is that the Housing Authority is able to bring something positive to the community without any real risk to the Housing Authority.

A motion was made by B. Goodlet and seconded by H. Genunzio to adopt Resolution 13-01. Motion carried.

OLD BUSINESS:

3. Update and possible action on the status of the loan made to NeighborWorks® Green Bay for the Armory project

R. Hallet stated that she had asked N. Halvorsen and S. Schoeneman from NeighborWorks® to attend the meeting and provide the GBHA with an update on the Armory project.

N. Halvorsen stated that they have a live prospect for the building and received an expression of interest in writing from a group that wants to use the building for urban agriculture, i.e. they want to farm inside the Armory building. He expressed his initial skepticism about the project, but after seeing a similar project in Milwaukee called Growing Power, it is a successful model that is being emulated throughout the country and the world where produce is grown naturally and sold locally into the community. The party interested in the Armory building is interested in doing something similar to Growing Power, but they are also interested in adding a job training component wherein they would train veterans on how to set up the indoor farming operations. It is not something that needs greenhouses; it

just needs a building. He added that the interested party would like to use the entire Armory building. NeighborWorks® will have numbers in the next couple of weeks, and at that point he would sit down with R. Hallet and R. Strong to discuss the potential future of the progress. While it is not specifically a housing use, it is a non-profit use for community.

D. Dolan-Wallace stated that it was encouraging to see some type of interest in the building. He added that the GBHA is in a position to try to understand their total financial picture and where the money that they have can do the most good for the community. This was started a decade ago, and anything that can be done to change the status of this particular loan would be welcome.

N. Halvorsen restated that the interested party has promised some numbers within the next couple of weeks that would put NeighborWorks® in a position where they could start projecting and predicting a picture of what the future scenario of the building and the loan would look like.

B. Goodlet asked for clarification on the conclusion that a residential purpose for the building was not really feasible. N. Halvorsen responded that the initial feasibility assessment did not take into consideration the thick concrete floors and roof. The interested party is considering growing micro greens for restaurants in the region and mushrooms for restaurant use and retail. There will be different electrical and ventilation needs that might be customary for this, so their project manager is working on figuring out some of these issues in order to develop the appropriate building. He added that this type of building will require a lot less finishing work than residential use would. As a consequence, the renovation cost could be significantly lower than other options that have been previously explored. With that said, the building still needs a new roof system, new windows, and a lot of other work, but nonetheless could be cheaper than other possible options.

D. Dolan-Wallace stated that he thought it was a grand idea, adding that he has seen a number of interesting greenhouses, and the whole concept makes sense. N. Halvorsen added that though it's not a traditional greenhouse, the windows that the building has would provide the necessary sunlight, in addition to electoral lighting for the produce that they would like to grow. He also added that this is not the first of this type of operation that it is happening across the country and around the world; it would, however, be the first such operation established in the area. D. Dolan-Wallace made note that it is such a positive prospect because it is an intimate community-based business present in a neighborhood rather than in a business district. H. Genunzio added that even having the building occupied would be positive. D. Dolan-Wallace stated that while the building doesn't appear to need a whole lot of renovation, the exterior could certainly use some work.

N. Halvorsen concluded that he will keep R. Hallet updated on the progress of this situation.

W. VandeCastle arrived at 10:50 a.m.

ELECTION OF OFFICERS:

2. Election of officers

R. Hallet stated that February is considered the annual meeting at which the officers are elected. The meeting was opened up for members to discuss or express interest in changing or maintaining the status of the officers. W. VandeCastle stated that he is happy

to remain the position of Vice-Chair; D. Dolan-Wallace also expressed that he is happy to remain the Chair. No other members expressed interest in making changes.

A motion was made by B. Goodlet and seconded by H. Genunzio to retain current officers in their current positions. Motion carried.

COMMUNICATIONS:

None

OLD BUSINESS:

4. Discussion and possible approval of adjusted ceiling and flat rents for Mason Manor

R. Hallet reminded the Authority of the discussion that took place in June about possibly adjusting ceiling and flat rents for both Scattered Sites and Mason Manor. She added that the Scattered Sites rents are based off of the HUD fair market rent, and the utility allowances are based off of what the BCHA determines for their utility allowances. She stated that the last time the prospect of adjusting ceiling and flat rents at Mason Manor was brought up it was debated for quite a while, and the ultimate decision was to wait until February to bring the issue back. Utility allowances do not apply at Mason Manor as utilities are included in the tenants' rent. The issue is whether or not to raise the flat rents. She distributed a brief summary from the June 2012 meeting of the pros and cons to raising the rents. R. Hallet then reviewed this summary.

One of the advantages is that if the rent were raised, it would not affect very many residents. As of June 2012, it would have affected 23 residents. Another consideration is that the last time rents were raised at Mason Manor was nine years ago. There was an overall assumption that generally tenants would not choose to move because of a small increase in rent. The GBHA does comparisons with other comparable housing units to determine rent levels, noting that comparable sites do not include electricity as an amenity, which is the most expensive utility. At the June meeting, they had discussed a possible 3% increase; if that were implemented and no tenants move as a result, the additional income would total \$243 a month, or about \$3,000 a year. She added that if a higher income tenant did choose to move because of the increase, it would open up a space for a low-income person to be served from the waiting list, which is really what the mission is. The subsidy from HUD would not be affected by increasing the ceiling and flat rents.

R. Hallet then went over the summary of potential drawbacks. One of the drawbacks is that compared to other comparable housing units, the apartments at Mason Manor are smaller, and Mason Manor does not necessarily have all of the amenities offered at comparable units. Another drawback is that if some residents decided to move because of the increase, then good tenants are lost that could potentially be replaced with problematic tenants. Additionally, good tenants who keep up with paying their rent benefit the GBHA more than if they have to subsidize those who cannot pay rent. Inflation has been relatively flat over the past few years, and the proposed change would affect some of the tenants. Prices on food and gas have been rising; it was thought that raising the rent as well would prove to be an additional burden. Move-outs take a significant amount of staff time, and one move-out could negate the increase in revenue because of the process of turning the apartment around and leasing up a new tenant. Lastly, Colonial Courts, a comparable complex, has not changed their rent.

H. Genunzio noted that it seems that there has been a recent increase in move-outs. N. Aderholdt provided some reasons for this including that some tenants have moved to nursing homes, some have been planning to move since before she came in as the

Property Manager, some have moved because she took over, concluding that there are various reasons that tenants have been moving out.

D. Dolan-Wallace stated that some tenant turnaround is inevitable, and while the issue of quality tenants is of some concern, it should not necessarily be weighted too heavily in determining rents. He added that he does not want to see a change in the socioeconomic composition in Mason Manor.

R. Hallet reminded the Committee that when tenants move-in, they need to meet income requirements. If their income increases while they are living at Mason Manor, they are not required to move out and are encouraged to stay at Mason Manor.

W. VandeCastle stated that in his private practice where he represents municipalities, he has been going through similar issues, seeing increases in utilities rates. He concluded that there are significant utility increases that have taken place within the last two years and that the GBHA is absorbing these costs by not increasing the rent. He then suggested that perhaps the proposed 3% is not an appropriate rate increase. While wages are not increasing, costs for other items including utilities are. D. Dolan-Wallace brought up the long-term consequences of failing to collect more money today. W. VandeCastle related this to a similar situation he was involved in in which they did not increase one year, but when they do decide to increase, they will have a much more drastic increase.

R. Hallet stated that the 3% number came from the June 2012 GBHA meeting in which it was discussed that a rate increase would be more equitable than going with a dollar amount increase. If adopted, the 3% rate would raise the rent of a small one (sometimes referred to as zero) bedroom unit by \$9 a month for a total rent of \$367 per month; for the larger one bedroom units it would raise the rent by \$12, or up to \$406 per month; and for the two bedroom units it would be a \$15 increase, or \$522 per month. She added that they could look at going with a higher percentage increase noting that the higher rate could potentially lead to more tenants deciding to move elsewhere. W. VandeCastle asked where those numbers factor in with the dollar amounts that R. Hallet originally proposed. R. Hallet responded that in June she had proposed to raise the small one bedroom by \$3, the larger one bedroom by \$6, and the two bedroom by \$3, which was determined by comparing the rents to the comparable units.

B. Goodlet stated that it seems to make more sense to use a percentage rather than a dollar amount, even if they choose to use 2%. She added that she was surprised to see that the rents had not increased in the past nine years considering the rates that the utilities have increased. R. Hallet recalled that the water and sewer bills have been steadily increasing.

D. Dolan-Wallace stated his support in being more aggressive in pursuing this, and that if the GBHA goes through with this, to make sure that they are consistent every year. W. VandeCastle suggested the possibility of a multi-year increase in order to ease the burden on those affected by starting with a smaller percentage this year and another percentage next year, possibly 2% this year and 2% next year. D. Dolan-Wallace added that this increase still leaves them below other comparable units. There was general agreement that Mason Manor's payment of electricity is a significant payment that many other units do not offer. The small amount being proposed, while it will have some impact on the tenants, seems that it would be minimal. B. Goodlet added that it's reasonable to expect rents to increase over time, especially considering that utility costs are included.

R. Hallet stated that GBHA would provide a minimum of 30-day notice to affected residents and suggested starting this in June when most of the annuals take place. N. Aderholdt added that many tenants' rent has increased for other reasons and that the tenants are very understanding.

W. VandeCastle proposed going with a 2% increase this year, followed by a 2% increase next year would be close to some of the numbers that R. Hallet had started with. This issue would still be brought up next year to determine if the 2% is the appropriate rate for next year. R. Hallet expressed concern about telling the tenants that the next year's increase will be 2% because they will hold the GBHA to that rate. W. VandeCastle responded that the reevaluation of this issue next year would be to determine what the appropriate increase would be following next year.

R. Strong suggested going with a 2% this year and a rate not to exceed 2% for next year to allow tenants to plan for the increase.

A motion was made by W. VandeCastle and seconded by B. Goodlet to increase the ceiling rents this year by 2% and not to exceed 2% next year. Motion carried.

B. Goodlet made a comment that it would probably be relatively easy to look at the past five years' utility costs to determine what the increase has been. The numbers would also make the decision regarding raising rent much easier. W. VandeCastle stated that one year from now would be a good time to look at the numbers. D. Dolan-Wallace added that this could be included in the accountant's quarterly report.

NEW BUSINESS:

6. Approval to award Scattered Site Foundation Repair – Phase 2 and Phase 3 to lowest responsive and responsible bidder not to exceed \$32,000 (4 properties) for Phase 2 and \$24,000 (3 properties) for Phase 3

R. Hallet stated that they have identified about 20 of the Scattered Site properties that are in serious need of foundation repair. Several months ago, the GBHA approved Phase 1, and those have since been completed. They are now in the process of working with the Purchasing Department to get Phases 2 and 3 going. They had the site visit for Phase 2, which will be posted in early March. The timing of the phases does not necessarily coincide with the timing of the monthly meetings, and staff feels it is important to keep moving on the project; it would be unfortunate to have to wait three weeks to approve the lowest bidder. Therefore, staff is seeking approval in advance to award the project to the lowest bidder in an effort to continue to move the project forward.

R. Strong added that they try to schedule these to coincide with the meeting, and that if the bid exceeded the budgeted amounts listed, they would bring that to the Authority prior to awarding the project. R. Hallet added that they will be under the total amount budgeted for in order to provide a cushion for additional potential expenses.

A motion was made by W. VandeCastle and seconded by H. Genunzio to approve the advance approval of bids for Scattered Site Foundation Repair Phases 2 and 3 to the lowest bidder not to exceed the budgeted amount. Motion carried.

INFORMATIONAL:**7. Langan Investigations Report for 2012**

Langan provided a full year report of the background checks and investigations they conducted for GBHA, indicating that 56 applications were screened, 3 additions to households screened, and 6 fraud investigations completed. Langan also included a breakdown of which were for Scattered Sites versus Mason Manor; however, R. Hallet indicated that there may be some errors on this; she had hoped to receive an updated report prior to the meeting but has not yet received it. D. Dolan-Wallace asked if the total number of reports was accurate; R. Hallet responded that she did not know for sure. She stated that the fee is \$14 for a new applicant screening or an addition to household; she did not remember the rate for fraud investigations and that there could also be a cost for travel in some fraud cases.

A motion was made by W. VandeCastle and seconded by H. Genunzio to approve the report subject to a follow up with the corrected report at the March 21, 2013, GBHA meeting.

FINANCIAL REPORT AND BILLS:

None

STAFF REPORT:**8. Monthly report of deficiencies found in Scattered Site inspections**

N. Aderholdt handed the report out, noting that there was nothing too unusual. There were two instances in which properties had inoperable vehicles. She contacted the City Inspectors for the two areas and had the vehicles tagged and towed.

A motion was made by W. VandeCastle and seconded by B. Goodlet to approve the report and place on file. Motion carried.

9. Occupancy reports for Mason Manor and Scattered Sites

R. Hallet stated that she did not have time to put the written report together but would give the report verbally. She did not calculate the occupancy percentages, but they will be slightly lower because of the increase in move-outs at Mason Manor. N. Aderholdt reported that through the end of March there will be five vacant units but is hopeful that they will be filled by April 1, 2013. She added that the custodian Jeremiah Goin is out on paternity leave, which slows the turnaround process down considerably because he handles the turnover of all units.

She also reported that for Scattered Sites there is one unit that the tenant was just evicted from and has an interested party to fill the unit. Another property, 1008 Pine, she is looking for grounds to evict the tenant; R. Lewis may have witnessed illegal behavior and N. Aderholdt is following up with the police. R. Hallet asked about the two units undergoing rehabilitation to which N. Aderholdt responded that they will be leased-up within the next few weeks.

10. Update on GBHA staffing

R. Hallet stated that they have not yet filled the senior Accountant position, but they are working on it. They have received over 55 applications and have reviewed them. Staff is working with HR to set up interviews hopefully in the next couple of weeks.

She added that the transition is going really well with N. Aderholdt taking over both Mason Manor and Scattered Sites. They are looking at creating a clerical level position to help N. Aderholdt. She currently has an intern helping her out, but typically interns are only around for one year, and it would be very beneficial to have someone for longer than one year that understands many of the cyclical issues. N. Aderholdt added that this position would be handling many issues that do not involve the tenants' personal information and their files. They would also serve as someone to whom the tenants can ask questions. R. Hallet added that this is still forthcoming and that they are working with HR to finalize this.

11. Distribution of GBHA Audited Financial Statements for Fiscal Year End June 30, 2012

R. Hallet distributed the audit reports, noting that no particular action was needed on this.

A motion was made by W. VandeCastle and seconded by H. Genunzio to approve and place on file. Motion carried.

H. Genunzio thanked the Authority for the new lights in the hallway. She stated that the new heavy duty washer and dryer was not what the tenants expected: while it is a heavy duty machine, the capacity is no larger than the other washers. R. Hallet responded that she would look into that issue. W. VandeCastle stated that it could be that the machine has the ability to handle larger loads, even though the capacity is not necessarily larger.

A motion was made by W. VadeCastle and seconded by B. Goodlet to adjourn. Motion carried.

Meeting adjourned at 11:49 a.m.

Mmr:rah:ejns